FORM 10-Q

SECURITIES AND EXCHANGE AND COMMISSION
Washington, D.C.

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period ended _____ to _____

Commission file number 0-18825

Marine Sports, Inc. (DE)
(Exact name of registrant as specified in its charter)

Delaware	87-0452119
(State or other jurisdiction of corporation or organization)	I.R.S. Employer Identification No.

411 Highway South, P.O. Box 60 Greenback, TN 37742-0060
(Address of principal executive offices) (Zip Code)

(615) 856-3035
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the proceeding 12 months (or for such shorter period that the registrant has required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

APPLICABLE ONLY TO ISSUES INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes ___ No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of March 10, 1992 there were 3,026,316 shares of common stock issued and outstanding.

BEST COPY AVAILABLE

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

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MARINE SPORTS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	January 31, 1992	JULY 31, 1991
ASSETS		
CURRENT ASSETS		
Cash	28,702	4,747
Receivables:		
Trade, net of allowances of 63,640 and 3,640	550,814	985,751
Other	13,138	8,982
Inventory	1,734,797	1,384,850
Prepaid expenses	459,318	167,126
Federal income tax receivable	61,000	61,000
Total Current Assets	2,847,769	2,612,456
PROPERTY AND EQUIPMENT		
Buildings and improvements	976,471	976,470
Machinery and equipment	547,697	546,159
Office equipment	345,330	345,361
Furniture and fixtures	77,549	77,549
Automobiles and trucks	115,854	115,854
Molds	1,129,560	1,103,176
Company boats and trailers	110,728	110,728
Land	31,600	31,600
Computer hardware & software	39,882	34,586
Construction in progress	54,754	54,754
	3,429,425	3,396,237
Accumulated depreciation	(1,080,261)	(947,704)
Total Property & Equip.	2,349,164	2,448,533
OTHER ASSETS		
Goodwill	90,979	92,279
Other	481,904	489,690
Total Other Assets	572,883	581,969
	5,769,816	5,642,958

MARINE SPORTS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	January 31, 1992	JULY 31, 1991
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Disbursements in excess of funds on deposit	317,555	202,628
Notes payable	1,511,433	1,111,580
Accounts payable	1,042,006	1,328,324
Accrued commissions and compensation	68,348	92,604
Allowance for warranty claims	50,995	100,062
Volume rebate payable	24,586	85,662
Allowance for repurchases	60,000	60,000
Miscellaneous current liabilites	181,045	261,450
Accrued income taxes	76,563	17,533
Current maturities of long term debt	93,296	95,664
Legal contingency	150,000	150,000
Total Current Liabilities	3,575,827	3,505,287
LONG TERM DEBT, less current maturities	381,029	648,810
Bonds Payable	225,000	0
OTHER LIABILITIES		
Deferred income taxes	88,815	88,815
Legal contingency	140,000	130,000
Total Other Liabilities	228,815	218,815
STOCKHOLDERS' EQUITY		
Preferred stock, 2,000,000 shares issued	2,000	2,000
Common stock, 3,026,316 shares issued	15,132	14,401
Additional paid-in capital	306,591	57,241
Retained earnings	1,035,422	1,146,404
Minority interest in subsidiary	0	250,000
Total Stockholders' Equity	1,359,145	1,470,046
	5,769,816	5,642,958

MARINE SPORTS, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	January 31, 1992	January 31, 1991	January 31, 1992	January 31, 1991
Net Sales	3,026,709	4,001,598	6,209,661	7,815,650
Cost of Goods Sold	2,405,758	3,083,024	5,138,559	6,012,199
Gross Profit	620,951	918,574	1,071,102	1,803,451
Selling, General & Admin.	480,421	714,915	1,102,821	1,760,043
Income(Loss) from Operations	140,530	203,659	(31,719)	43,408
Other Income(Expense)				
Interest expense	(40,517)	(61,730)	(79,263)	(129,508)
Other income(expense)	(75,605)	(71,899)	0	(196,509)
Total Other Income(Expense)	(116,122)	(133,629)	(79,263)	(324,017)
Income(Loss) Before Income Tax	24,408	70,030	(110,982)	(280,609)
Income Tax Provision	0	27,669	0	(110,870)
Net Income (Loss)	24,408	42,361	(110,982)	(169,739)
Shares Outstanding:				
Weighted Average Common	2,941,316	2,807,043	2,908,816	2,859,215
Weighted Average Share Equivalents	--	480,000	--	375,000
Adjusted Outstanding	2,941,316	3,287,043	2,908,816	3,234,215
Net Income(Loss) per Common and Common Equivalent Share	$0.01	$0.01	($0.04)	($0.05)

MARINE SPORTS, INC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the six months ended January 31, 1992
(Unaudited)

	Preferred stock, $.001 par value 2,000,000 shares authorized 2,000,000 shares issued and outstanding	Common stock $.005 per value 100,000,000 shares authorized 3026316 issued and outstanding	Additional Paid-In Capital	Retained Earnings	Minority Interest	Total Stockholders' Equity
Balance, August 1, 1991	$2,000	$14,401	$57,241	$1,146,404	$250,000	$1,470,046
Net loss for the six months ended January 31, 1992				(110,982)		
Issuance of 146206 shares of $.005 par value common stock		731	249,350		(250,000)	
Balance, January 31, 1992	$2,000	$15,132	$306,591	$1,035,422	$0	$1,359,145

Inventories

The components of inventory consisted of the following:

	January 31, 1992	July 31, 1991
Finished goods	905,733	660,670
Raw materials	379,068	366,479

MARINE SPORTS, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	January 31, 1992	January 31, 1991
Operating Activities		
Net (loss) income	(110,982)	(169,739)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	132,557	128,257
Increase (decrease) in deferred taxes	0	(38,975)
Decrease (increase) in trade accounts receivable	434,937	(575,769)
Decrease (increase) in inventories	(349,947)	773,828
Decrease (increase) in prepaid expenses and other assets	(434,606)	(46,261)
Decrease (increase) in other receivables	(4,156)	
Increase (decrease) in Federal income tax payable		
Increase (decrease) in trade accounts payable	(286,318)	65,075
Increase (decrease) in accrued expenses and other current liabilities	100,027	5,000
Net Cash Used in Operating Activities	(518,488)	141,436
Investing Activities		
Acquisition of property, plant and equipment	(33,188)	(119,659)
Financing Activities		
Net proceeds (payments) on long term debt	157,219	148,351
Net proceeds (payments) on line of credit	23,378	(302,464)
Net proceeds (payments) on short-term borrowings	394,953	(81,849)
Sale of Common Stock	81	298,100
Net Cash Provided (Used) by Financing Activities	575,631	(35,862)
Increase (Decrease) in Cash	23,955	(14,085)
Cash at Beginning of the Fiscal Year	4,747	21,105
Cash at the End of the Period	28,702	7,020
Cash paid(received) during the period for:		
Interest	135,627	90,360
Income Taxes	--	--

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended January 31, 1992 and 1992 are not necessarily indicative of the results that may be expected for the year ended July 31, 1992.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report for the year ended July 31, 1991, contained in the S-18 Registration Statement filed with the Atlanta Regional Office of the Securities and Exchange Commission.

Note 2 - Inventories

The components of inventory consisted of the following:

	January 31, 1992 (Unaudited)	July 31, 1991
Finished goods	$905,733	$660,670
Raw materials	379,068	366,479
Work-in-process	207,829	134,203
Used boats and trailers	62,237	64,334
Parts	137,793	122,748
Trailers	23,353	13,713
Supplies	18,784	22,703
	$1,734,797	$1,384,850

Note 3 - Statement of Cash Flows Supplementary Disclosures

The Company considers deposits in banks, certificates of deposit and highly-liquid investments which are readily convertible into cash as cash and cash equivalents for the purposes of the Statement of Cash Flows.

Supplemental disclosures of cash flow information:

	For the Six Months Ended January 31, 1992 (Unaudited)	January 31, 1992
Cash paid (received) during the period for:		
Interest	$135,627	$90,360
Income taxes	0	0

In a non-cash transaction during the year ended July 31, 1991, a note payable in the amount of $250,000 was converted to preferred stock of Supra Sports, Inc., a subsidiary, and is reflected as minority interest in the July 31,1991 balance sheet.

Note 4 - Conversion of Debt to Preferred Stock

On November 16, 1990, a related party converted $250,000 in debt to 105,000 shares of preferred stock in a subsidiary of the Company. The shares were convertible at any time into common shares of marine Sports, Inc. stock on a one for one conversion basis.

On January 22, 1992, the option was exercised and the 105,000 shares of preferred stock in the subsidiary of the Company were exchanged for 105,000 shares of common stock of Marine Sports, Inc. The shares of common stock are considered "restricted securities" as defined in Rule 144 of the Securities Act of 1933.

Note 5 - ESOP Conversion

On January 31, 1991, the Board of Directors of the Company passed a resolution authorizing the conversion of the Company's profit sharing to an employee stock option plan.

Note 6 - Contingencies

During the year ended July 31, 1990, one of the stockholders of Supra exercised dissenter rights available to him under the applicable laws of the State of Tennessee. An agreement has been reached as to payment for the cancelled shares. The agreement, however, is contingent upon the consummation of the anticipated merger described in the enclosed Management's Discussion and Analysis of the financial statements. management believes that consummation of the merger is probable, and accordingly has recorded a liability. $150,000 is to be paid pursuant to the anticipated merger with two $75,000 equal annual installments of principal and interest at 10%. Present value of the cash outflows is $290,000. In addition, the company is a co-defendant and defendant in litigation surrounding two product liability claims. The Company's insurance carrier is defending the company and it is management's opinion it is adequately insured in the unlikely event of a judgement against the company. Further, the company is a defendant in a compliant filed by a former officer of the company that alleges a breach of lease on computer equipment, breach of contract, and claims arising from an alleged royalty agreement. The company plans to vigorously oppose this compliant and does not feel that any result would have a material adverse effect on the company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company's revenues decreased approximately 24% for the three months ended January 31, 1992 and 20.5% for the six months ended January 31, 1992 from the comparable periods in 1991. Management believes such decreases are the continued result of the recession in the United States and the corresponding declining demand for "big ticket" luxury items such as the Company's products. Supra accounted for $5,469,164 (88.1%), Moomba accounted for $671,416 (10.8%) and D'Signs accounted for $69,081 (1.1%) of such revenues during the six months ended January 31, 1992. The Company has been successful in reducing the net loss for year to date as compared to the comparable period in the 1991 fiscal years despite reduced revenues due to the combination of reduced selling, general and administrative expenses discussed below and increased revenues from Moomba which has a higher gross profit than Supra.

The Company's gross profit margin for the three months and six months ended January 31, 1992 was 20.5% and 17.2%, respectively, a decrease of 2.5% and 5.8%, respectively, from the comparable periods in 1991. Such decreases are related to increased costs of raw materials and are further compounded by temporary inefficiencies in the manufacturing process as a result of the decreased production in response to decreased sales. At such time as the Company increases production to respond to seasonal increases and stabilized consumer demand, its gross profit margin should increase. As discussed above, the Company historically increases revenues during the last two quarters of the fiscal year.

The Company's selling, general and administrative expenses as a percentage of revenues continue to decrease as a result of management's cost containment efforts. Costs of goods sold as a percentage of revenues, however, have increased slightly as a result of decreased production due to the fixed nature of certain overhead included in costs of goods sold. Management of the Company believes it can increase production without a signficant increase in selling, general and administrative expenses.

Historically the first two quarters of the Company's fiscal year result in losses because of the seasonality of sales of water-ski boats. Additionally, the recreational boat industry has been hard hit by the recession and sales continue to be depressed through the quarter ended January 31, 1992. These factors are further compounded by the Company's continuing working capital shortages as discussed below causing the Company to devote only limited resources to marketing of the Company's products. Management believes the results of operations for the six months ended January 31, 1992 reflect the lack of marketing efforts. The Company is unveiling a new ad campaign in May 1992 which management believes, together with an anticipated historical seasonal increase in sales during the last two quarters of the fiscal year and favorable consumer response during the January to March, 1992 boat show season, will improve its results of operations during the balance of the 1992 fiscal year.

Liquidity and Capital Resources

The Company continues to experience a significant working capital deficit which adversely effects its operations; however, for the six months ended January 31, 1992 the Company's working capital deficit improved by $164,773 primarily as a result of infusion of cash through short-term borrowings. During the six months ended January 31, 1992 notes payable have increased approximately 36% partially as a result of recording annual payments due on the Company's property and casualty insurance which renews each January as well as an increase in the amount outstanding under Supra's revolving credit facility used to finance inventory. This increase in inventory of approximately 25.3% during the six months ended January 31, 1992 is the result of the historical seasonal increase in inventory in anticipation of increased sales during the spring and summer months. Even though as discussed above the Company has decreased production in response to the weak economy, the Company still must increase inventory slightly or it will be unable to meet seasonal demands. The Company expended a significant amount of its available working capital to reduce trade accounts receivable. Additionally, because of the working capital shortage numerous of the Company's trade vendors no longer extend terms to the Company. The Company, accordingly, is forced to pay for much of its raw material when delivered which further aggravates the working capital shortage.

The Company generated $575,631 of cash from bridge loans, its credit line and other long term debt during the six months ended January 31, 1992. The Company's present credit line which is used primarily to finance inventory is drawn down to the maximum available at all times. Other than such credit line, cash from operations and the pending public offering of Aspen Wind's securities, the Company has no additional sources of cash resources.

Management believes the Company's liquidity will improve during the third quarter based upon the consummation of the pending public offering of Aspen Wind's securities. See Item 5. Other Information.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

As reported in a Report on Form 8-K filed by the Company on January 22, 1992, Aspen Wind, Inc. ("Aspen Wind") purchased approximately 82% of the voting securities of the Company. The transaction involved a small group of the Company's shareholders who received 3,927,854 shares of Aspen Wind's common stock and will receive 3,927,854 shares of Series A voting convertible preferred stock when authorized. George Fowler, the Company's Chairman and President will receive 3,000,000 shares of Series B voting convertible stock when authorized in exchange for 2,000,000 shares of the Company's preferred stock. Pursuant to the transaction, the Company became a majority-owned subsidiary of Aspen Wind, but the Company's shareholders control a majority of the voting securities of Aspen Wind issued and outstanding. Aspen Wind expects to hold a special meeting of its shareholders on March 27, 1992 for the purpose of voting on an amendment to its articles of incorporation which, among other items, creates the Series A and B preferred stock to be issued to the Company's shareholders. The transaction has closed into escrow pending effectiveness of a public offering of the combined companies being underwritten on a firm commitment basis as previously announced. The Form S-1 registration statement covering the offering was filed with the Securities and Exchange Commission on February 26, 1992.

On January 22, 1992, George D. Fowler, Chairman of the Board of Directors and President of the Company was elected to the Board of Directors of Aspen Wind. Following the effectiveness of the pending public offering discussed above, Mr. Fowler will become Chairman of the Board, President and Chief Executive Officer of Aspen Wind.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits required by Item 601 of Regulation S-K

None.

(b) Reports on Form 8-K

On January 22, 1992 the Company filed a Report 8-K reporting under Item 5 the closing of the transaction with Aspen Wind. No financial statements were included in such report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Marine Sports, Inc.

Date: March 19, 1992

By: George D. Fowler
George D. Fowler,
President